THE OFFICE OF REGULATORY STAFF DIRECT TESTIMONY

OF

CHRISTINA L. SEALE

JANUARY 7, 2010



DOCKET NO. 2009-261-E

Application of South Carolina Electric & Gas Company for the Establishment and Approval of DSM Programs and Rate Rider

1 cases and various other filings for electric, telephone, water and wastewater
2 utilities.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS

A. The purpose of my direct testimony is to set forth my findings and recommendations resulting from ORS's examination of South Carolina Electric & Gas Company's ("SCE&G" or "Company") deferred costs related to demand-side management and energy efficiency ("DSM/EE") programs. In its application, filed on June 30, 2009, SCE&G requested recovery of deferred costs incurred and

Q. OVER WHAT PERIOD DID SCE&G DEFER THE COSTS WHICH IT NOW SEEKS TO RECOVER?

Per the Updated Direct Testimony filed by Company witness, Kenneth Jackson, on December 17, 2009, SCE&G seeks to recover costs deferred between October 1, 2008 and November 30, 2009. However, based on Public Service Commission of South Carolina ("PSC") Order No. 2009-231 dated April 9, 2009, the amount that can be deferred prior to January 1, 2009 is limited to \$39,141, which is associated with the Company's investment in an energy database, purchased in November 2008. Due to time constraints and consistent with SCE&G's letter filed September 18, 2009 in this docket, ORS limited its examination of costs to those incurred through October 2009. ORS reserves its right to examine and true-up costs incurred during the month of November 2009 in conjunction with the Company's next DSM/EE filing.

1	Ų.	FLEASE DESCRIBE THE TYPES OF COSTS BOOKED IN THE DSMILE				
2		DEFERRED ACCOUNT DURING THE PERIOD UNDER				
3		EXAMINATION.				
4	A.	During the period under examination, SCE&G incurred various costs to				
5		implement and operate new DSM/EE programs such as administrative and				
6		general costs, overhead, legal, and consulting costs. SCE&G booked these costs				
7		in the DSM/EE deferred account (Account #182.3200) entitled "REG ASSET				
8		DEM SIDE MGT COSTS" ("the DSM/EE Deferred Account").				
9	Q.	DID ORS CONDUCT AN EXAMINATION OF THE DEFERRED COSTS				
10		BOOKED TO ACCOUNT #182.3200?				
11	A.	Yes. ORS examined the Company's deferred DSM/EE expenditures				
12		incurred in January 1, 2009 through October 31, 2009 of \$576,947. ORS also				
13		examined the costs of \$39,141 associated with the energy database, which was				
14		purchased in November 2008. These costs were traced to the books and records				
15		of the Company and to supporting documentation.				
16	Q.	DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE BALANCE IN				
17		THE DSM/EE DEFERRED ACCOUNT?				
18	A.	Yes. ORS recommends three adjustments to the deferral account.				
19	Q.	PLEASE EXPLAIN ORS'S ADJUSTMENTS.				
20	A.	Adjustment 1 - ORS proposes to remove (\$91) in taxes. SCE&G was				
21		reimbursed for an expense and failed to adjust for the tax, when reversing the				
22		expense entry.				

1		Adjustment 2 – ORS proposes to include consultant costs of \$5,175,			
2		which were performed in August 2009 for the new DSM/EE programs. SCE&G			
3		incorrectly booked these costs in a different account, instead of booking the			
4		deferred costs in Account #182.3200.			
5		Adjustment 3 – ORS proposes to remove costs of (\$14,616), which should			
6		not have been included for ratepayer recovery.			
7	Q.	Q. BASED ON ORS'S EXAMINATION, WHAT IS THE ADJUSTED TOTAL			
8		OF THE DSM/EE DEFERRED ACCOUNT AFTER ALL OF ORS'S			
9		ADJUSTMENTS HAVE BEEN MADE?			
10	A.	Based on ORS's examination, the total of the DSM/EE Deferred Account,			
11		after all of ORS's adjustments, is \$606,556.			
12	Q.	HOW IS ORS'S ADJUSTED DSM/EE DEFERRED ACCOUNT TOTAL			
13		DIFFERENT FROM SCE&G'S DSM/EE DEFERRED ACCOUNT?			
14	A.	ORS's adjusted total of \$606,556 is different from SCE&G's total of			
15		\$659,735 by \$53,179. The differences between ORS's and SCE&G's amounts			
16		are as follows:			
17		a. Both SCE&G and ORS included the deferred cost of the energy database			
18		of \$39,141, which was approved by PSC Order No. 2009-231 to be			
19		included in the deferral account for consideration of recovery. SCE&G			
20		also included additional deferred costs of \$150 from October 1, 2008			
21		through December 31, 2008, which were not approved. ORS followed the			
22		PSC Order No. 2009-231.			

- b. SCE&G included costs deferred in November 2009 of \$43,497. ORS did
 not include deferred costs beyond October 31, 2009.
 c. ORS excluded (\$91) and (\$14,616) and included \$5,175 as stated for its
 adjustments. SCE&G did not have any adjustments.
 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 6 A. Yes, it does,

BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

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Application of South Carolina Electric & Gas Company for the Establishment and Approval of DSM Programs and Rate Rider)	CERTIFICATE OF SERVICE
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This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **DIRECT TESTIMONY OF RANDY GUNN AND CHRISTINA L. SEALE** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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January 7, 2010 Columbia, South Carolina